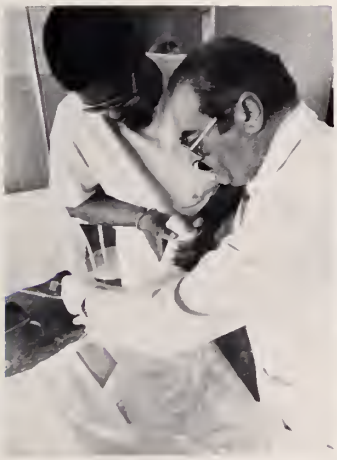
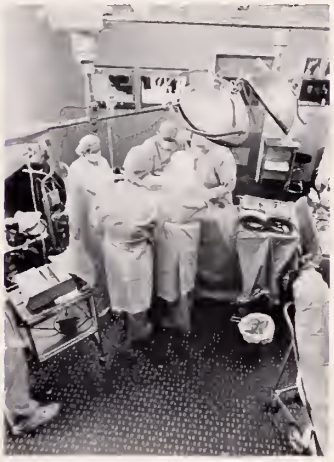
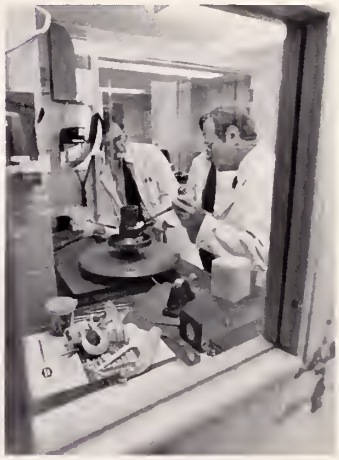


The Hospital for Special Surgery Annual Report, 1976

The New York Society
for the Relief of the
Ruptured and Crippled
Maintaining
The Hospital for Special Surgery
Margaret M. Caspary Clinic
535 East 70th Street, New York,
New York 10021
Affiliated with
The New York Hospital—
Cornell University Medical College

Clockwise from top left, Dr. Joseph Lane in the Collagen Laboratory; volunteers Mrs. Lee Ramsay Straub and Mrs. Robert Powell in the Gift Shop; Dr. Peter G. Bullough addresses Grand Rounds.

"1976 was an excellent year for The Hospital for Special Surgery,"* reports the President, Henry U. Harris, Jr. *"Over the year the Hospital both expanded its commitment to patient care, medical education, and research and strengthened its financial position."

The following excerpts from reports of key members of the Hospital's management team will help our friends know us better in terms of performance of the immediate past and plans for the future.

From the President's Report

After funding depreciation, Hospital operations showed a modest loss which was eliminated completely by the income from our Endowment Funds and gifts from our loyal supporters. We are most grateful for this financial help which goes a long way to maintain the quality of our patient care, the broad scope of our research and the excellence of education which our Institution provides for the Cornell Medical School.

THE IMPORTANCE OF PEOPLE

Equally important to our success has been the efficient, stable, and highly motivated team of Hospital personnel.

Special note should be taken of the fact that T. Gordon Young, Administrative Vice President, who has been with the Hospital for over 35 years, is planning retirement during the summer of 1977. The loyalty, dedication and interest which he has devoted to the Hospital during his tenure as our Administrator has been outstanding to say the least. His retirement will be a great loss to our Hospital, but we are all firmly committed to continue his spirit of cooperation and his great concern for the individual, whether that individual be patient or staff. These virtues have been key to the success of our Hospital.

The year was an extremely busy one for the Hospital, and records were set in patient visits, X-Ray activity, and number of operations performed. Our research operations continued to be self-supporting, with Special Surgery research investigators being successful in obtaining competitive grant awards from both Government and private sources.

IMPORTANT ADDITIONS

We were further fortunate in adding to the Hospital staff Dr. Albert Burstein and his able team of Bioengineers, who reconstituted our Department of Biomechanics. This addition is extremely significant as approximately 30% of our operations involve joint replacement, using products directly developed by Dr. Burstein and his staff.

Another important addition to our medical staff was the arrival of Dr. Joseph Lane, who has established a Collagen Laboratory whose main purpose is to investigate the nature and pathology of connective tissue.

THE NEED FOR EXPANSION

Also during the year the Planning Committee of the Board of Managers worked toward completion of a 5 year space expansion and modernization plan, which includes the renovation of our operating room suite on the 4th floor, and the development of critically needed space on the 3rd floor. Subject to obtaining approval of the Health Systems Agency and the various State agencies, the project has the unanimous backing of the Board of Managers. It is our intention to move forward on this project during 1977.

From the report of the Surgeon-in-Chief

During 1976, The Hospital for Special Surgery continued to play an active role in the affairs of the Cornell Academic Center of which it is a part and contributed much to education and research in its chosen field. "*However,*" says Philip D. Wilson, Jr., M.D., Surgeon-in-Chief, "*it is in the field of delivery of services to patients suffering from Rheumatic and Orthopaedic conditions where the real contribution of the Hospital can be most readily measured. This report is dedicated to the Hospital's patients with the hope that the knowledge gained from their suffering will help to alleviate the problems faced by future generations.*" All elements of the Hospital Staff from the Board of Managers to Housekeeping, from Nursing to Social Work, from Administration to Technician, and from Physician to Therapist should take pride in the record of the Hospital's accomplishments during the 113th year of the Hospital's existence.

Let us look at three major areas of operational responsibility: Patient Care Services; Education; and Research.

PATIENT CARE

There were 3,774 admissions to the Hospital in 1976, representing a slight increase over 1975; 3,141 total operations were performed in 1976, the second highest total in the Hospital's history. As has been the experience in the past four years, operations on extremity joints accounted for almost half of the operative procedures listed.

On the left the Surgeon-in-Chief, Dr. Philip D. Wilson, Jr. leads Grand Rounds; above the Physician-in-Chief, Dr. Charles A. Christian, reads X-rays.

THE IMPORTANCE OF JOINT REPLACEMENT

The year followed the experience of the last several years in respect to a relative gain in the number of total joint replacements performed. 823 or 26.2% of the procedures were in this category with total hip replacements at 510 (16.2%), total knee replacements 253 or (8%) and other joints 60 or (1.9%). The relative percentages of total joint replacements were 19.5% in 1973, and 23.7% in 1975.

THE ROLE OF THE OUT-PATIENT DEPARTMENT

In 1976 there were 3,925 new and 31,446 total visits to the Out-Patient Department, excluding visits for therapy only. There were 3,367 direct admissions to the Screening Clinic with the purpose of screening patients for further referral to the Orthopaedic Supraspecialty, Comprehensive Arthritis Program, Rheumatic Disease or Neurological Clinics.

DEPARTMENT OF ORTHOPAEDIC SURGERY

The Orthopaedic Department had 7 Fellows and 25 Residents whose work was supervised by 26 Orthopaedic Surgical Attendings. The Department staffed 15 separate Supraspecialty Services, including the Back Service and the Birth Defects Clinic which was renamed Pediatric Orthopaedic Clinic.

In the *Bone Tumor Service* there was little change in activities. However, there was a drop in number of admissions consistent with the trend towards managing most of these cases on the Bone Tumor Service of the Memorial Hospital.

Our *Cerebral Palsy Service* continued to be busy. H.S.S. has long been a leader in a multidisciplined approach to care of

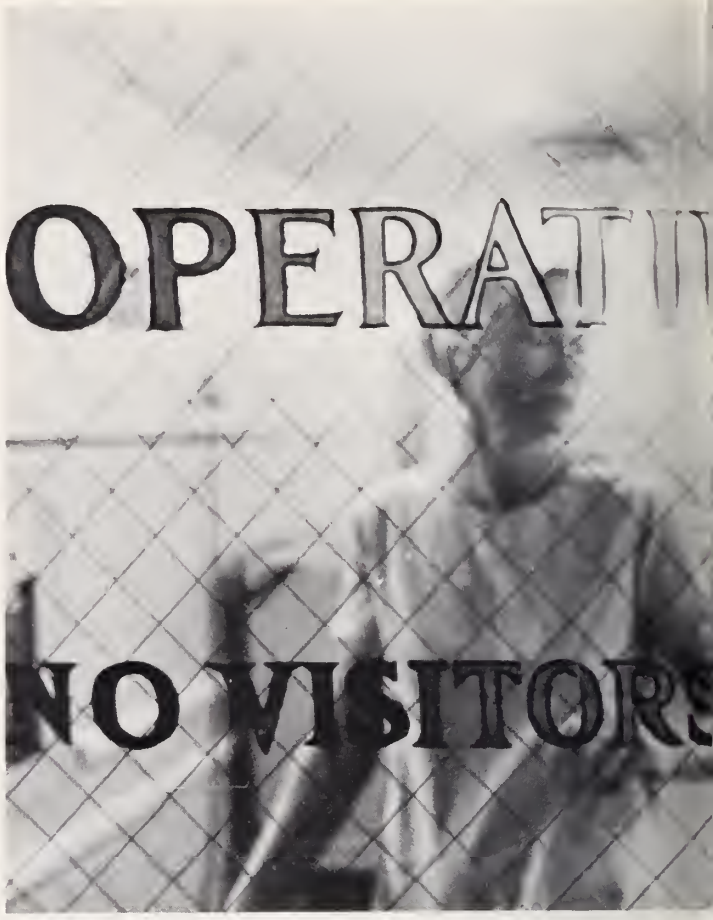
these difficult problems, and as in previous years physical therapy, occupational therapy, speech therapy and psychological testing services were extensively used. A research project using TV monitoring of pre- and post-treatment performance of cerebral palsy cases was initiated.

In the *Foot Service* among other activities prosthetic replacement of the metatarsal phalangeal joint of the great toe was undertaken. In the *Hands and Upper Extremity Service*, a study of the vari-axle total prosthetic finger joint developed at the Hospital was completed.

In the *Hemophiliac Arthropathy Clinic*, much of the concern is in preventing deformities from intra-articular bleeding to which hemophiliac patients are prone, and to the surgical reconstruction of badly deformed joints, a type of surgery that has been made possible by the use of difficult-to-obtain and expensive anti-hemophilic globulin to control the coagulation defect. The majority of operations in the *Hip Service* were total hip replacements. In addition a number of important studies were undertaken relating to side effects in connection with such procedures.

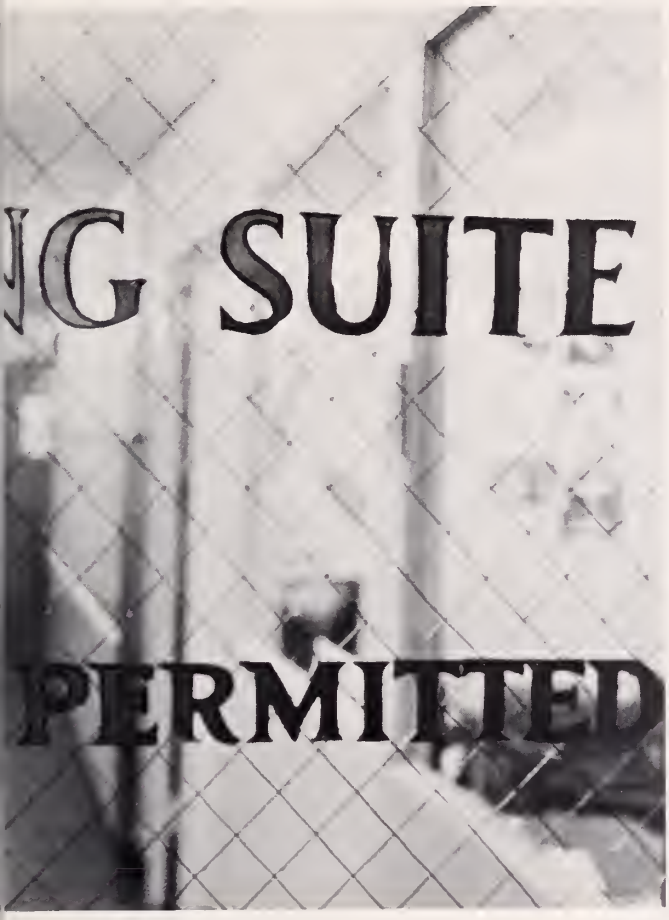
In connection with our *Knee Service* worldwide interest was displayed during the year in the total knee prosthetic devices, and the surgical techniques for their insertion, developed at The Hospital for Special Surgery over the prior six years.

The other supraspecialty services include those involving *Metabolic Bone Disease, Neck and Shoulder, Osteogenesis Imperfecta* and *Prosthetics and Orthotics. Scoliosis Service* continued to be busy but showed little change in number of visits or admissions. A pilot screening program was commenced among slightly over 1,500 boys and girls.



Of 54 suspected of having scoliosis, 29 were examined by our Orthopaedic Surgeons, and 22 found to be positive.

The Sports Medicine Service continued to provide diagnostic and treatment consultative services to the City's Public School Athletic Programs and increased its services to patients with sports injuries from the general population. The Service continued to be active in research problems connected with ligamentous injuries of the knee and ligamentous instability of the knee joint. The Service also maintained an interest in a continuing study of body type in relation to susceptibility to various types of athletic injuries. An anatomical study of the ligamentous structure of the shoulder in relation to the problem of shoulder dislocations was completed and the Service also con-



tinued to develop diagnostic techniques in relation to joint injuries and particularly in the new procedure of arthroscopy.

Besides its work at The Hospital for Special Surgery, the Orthopaedic Surgical Department also staffed and operated services at The New York Hospital and Bronx Veterans Administration Hospital, and it also supplied an Orthopaedic Resident to the North Shore Hospital's Orthopaedic and Trauma Service.

The *Combined Arthritis Program* is a service run by orthopaedists and rheumatologists together. Both the out-patient and in-patient aspects of the Service remained active. A study of youthful patients with arthritis who had undergone total prosthetic replacement in one or more major joints showed that 90% had benefited as judged by independence for activities of daily living, the ability to attend school, or capability for gainful employment. The youngest of the patients was 12 years old. The Service continued to be a model of what can be accomplished through interdisciplinary cooperation for the benefit of badly disabled patients.

DEPARTMENT OF MEDICINE

In addition to maintaining the *Adult Rheumatic Disease Service*, the department continued its studies of all aspects of autoimmune diseases with particular emphasis on Systemic Lupus Erythematosous, Rheumatoid Arthritis, Vasculitis and Myositis.

Besides the joint activity with Orthopaedics in operation of the Comprehensive Arthritis Program and the Metabolic Bone Disease Service, the Medical Department also cooperated with the Pediatrics Service in staffing the Children's Arthritis Clinic and Service.

SUPPORTING ACTIVITIES

These included the Departments of Anesthesiology, Laboratories, Physical Therapy and Rehabilitation, Radiology and Nuclear Medicine. And in addition, Neurology and Pediatrics Services.

NURSING

HSS continues to maintain its own School of Practical Nursing. In addition, great emphasis is placed on a scholarship program designed to encourage graduates to go on to more advanced studies in other institutions leading to a degree. *"The success of this program is evidenced by the fact that 80% of the Hospital's Registered Nurses are graduates of our School of Practical Nursing and have gone on to enjoy the support of our scholarship program,"* says Dean Smith, Director of Nursing.

Above Dr. Albert H. Burstein in the Department of Biomechanics; opposite Dr. Helene Pavlov of the Department of Radiology; and of special importance the comfort and care of our younger patients.

DIVISION OF EDUCATION

All Departments of the Hospital were active in undergraduate teaching, either through activities in the Basic Science Departments of the Cornell University Medical College or through teaching in the clinical sciences in the various hospitals of the Cornell—New York Hospital—Hospital for Special Surgery—Memorial Hospital and Rockefeller Academic Center.

Students from other Medical Schools also came to the Hospital for Special Surgery for elective periods. The Teaching Program of the Hospital attracted wide interest in this regard. Many of the Hospital's Residents are later recruited from students who acquired an interest in the Institution during such electives.

The usual busy schedule of conferences, lectures, seminars and rounds was maintained by all Departments during 1976. The list of visitors during the year was long, and their origins extremely varied. Special conferences were given for the Australian, British and Canadian Exchange Fellows, for the Girdlestone Orthopaedic Society and for the New York Society for the Surgery of the Hand. A course on the Diagnosis and Management of Neuromuscular Disorders was sponsored jointly by the Hospital for Special Surgery and the Muscular Dystrophy Association.

The Annual Alumni Program was attended by over 160 physicians. The program was distinquished by Dr. Robert Lee Patterson, Jr.'s President's Address, "Our Association—64 Years of Progress," by the 7th Richard H. Freyberg Lecturer, Dr. Ralph C. Williams, Jr.'s "Lymphocytes and the Connective Tissue Diseases," and the 13th Philip D. Wilson Orthopaedic Lecturer, Dr. G. Dean MacEwen's "Present Approaches to Pediatric Orthopaedics."

From the report of the Physician-in-Chief

"There are two biological concepts — heterogeneity and symbiosis— that are relevant to the goals and achievements of the Hospital for Special Surgery," observes Charles L. Christian, M.D., Physician-in-Chief. *"The parts of the Institution which make it work are very heterogeneous— and in a symbiotic sense, we derive mutual benefit by living together and performing our individual functions that have as a goal a solution to problems."*

THE VALUE OF HETEROGENEITY

Within the Department of Medicine there is also notable heterogeneity. There are those who are concerned primarily with patient care—some of these are volunteers in the strict sense, they are motivated by their pride of association and by a desire for continuing education. Some members of the staff are primarily scientists, seeking new insights into disease mechanisms. Others channel their efforts into both clinical and laboratory medicine and all are here because of the Institution's committment to professional education. With diverse goals there is always the problem of proper focus. We have a sense of pride in the Department of Medicine but also a sense that what we do is not good enough. We recognize that we must attract and nurture young people who will find solutions to problems.

OUR SENSE OF COMMUNITY

Things do not always work perfectly at HSS, but there is a remarkable sense of community

and cooperation between several layers of professional staff, administrators, support personnel, and lay volunteers. This spirit is nurtured by more than a century of tradition and by the efforts of the succession of leaders. A prototype for the latter is T. Gordon Young, our Administrative Vice President who is leaving us in 1977. Gordon Young worries. He cares and no one works more diligently at maintaining an environment that is humane and efficient and a milieu in which it is fun to serve. If we can find a successor to match these qualities, we will indeed be fortunate.

Above Dr. Robert C. Mellors, Director of Research; below Miss Deborah Fuller, Director of Personnel.

From the report of the Director of Research

The research program of the Hospital joins service and teaching in a common sense of purpose to advance understanding of the skeletal and neuromuscular systems, their structure, function, disease and injuries, and to improve patient care through clinical and laboratory research. According to the Director of Research, Robert C. Mellors, M.D., Ph.D., "*The program is dependent upon cooperation between the clinical specialties and the basic sciences and the participation of more than a dozen biomedical disciplines.*" To this end, research in orthopaedics and rheumatic disease also involves many other fields of work: biomechanics, biochemistry, behavioral and computer sciences, immunology and microbiology, veterinary medicine, and so on.

MAJOR RESEARCH PROJECTS

Research advances of note in 1976 included the following: continuing development of knee, finger, wrist and shoulder joint replacements; biomechanical analysis of total hip joint implants; study of injury and repair of connective-tissue and primary defects, such as, osteogenesis imperfecta; analysis of age changes in the structure of the hip joint; observations on knee instability and rationale for ligamentous repair; new approach to replacement of massive bone defects by bone-forming grafts; the chemistry and mechanism of bone formation; genetic factors, immune and microbial mechanisms in the development of rheumatic diseases; and other studies as well.

SPECIFIC LABORATORY ACTIVITY

Some activity within specific laboratories is worthy of note. The Laboratory for Connective Tissue Research was created on July 1, 1976, for the purpose of investigations into the nature and pathology of this fundamental supporting body structure under the leadership of Joseph Lane, M.D. Despite its newness, the work of the Laboratory got off to a good start, both within itself and in conjunction with the Scoliosis Service, the Sports Medicine Laboratory and the Biomechanics Laboratory.

The work of the Comparative Orthopaedic Laboratory was largely concerned with projects related to the study of sports injuries. However, the Laboratory is also responsible for another body of work carried on in Sweden which was directed toward the causation of osteo-arthritis.

Extensive remodeling and enlargement of the Biomechanics Laboratory and of the ancillary space for Staff consumed much of 1976. A new Director, Albert Burstein, Ph.D., was appointed and took charge September 1st, and brought with him additional Staff and personnel. A close working relationship with the Sibley School of Engineering, Cornell University, Ithaca, was established.

The work of the Ultrastructural Biochemistry Laboratory was honored by the award of Kappa Delta Research prize to its Director. The Laboratory continued to be concerned with the mechanism of bone mineralization in health and disease.

The goals of the Rheumatic Disease Laboratories continued to be the acquisition of new knowledge of the cause of rheumatic diseases such as Rheumatoid Arthritis, Systemic Lupus Erythematosous, Arteritis, and Polymyositis.

FINANCIAL CONSIDERATIONS

Total Research Income increased steadily during the past 3 years, somewhat faster than the rate of inflation, including the year 1976 which shows Research Income of slightly more than $1.8 million, a 10% increase over the previous year. Research Operating Income has fully covered operating expenses (exclusive of building depreciation) during each of the last 3 years. The direct costs of research projects are mainly offset by research grants obtained from the Department of Health, Education & Welfare, National Institutes of Health and from private foundations by principal investigators and leaders of the dozens of research teams. Research grants accounted for nearly 80% of total research income in 1976, institutional funds designated for research, the remainder. 1976 also marked the last year in which institutional research training grants in orthopaedics and rheumatic disease were funded by the NIH, posing a budgetary problem for the future support of research training.

LOOKING AHEAD

Although there is no way to be sure about the availability of competitive research grant funds other than the expectation that very good work will continue to merit support by granting agencies, it is expected that 1977 will be a reasonably favorable year for research support, considering that the research program has been self sustaining in recent years and greatly strengthened during the past year by new staff appointments and improved laboratory facilities in Biomechanics and Orthopaedics.

Above Mr. T. Gordon Young, departing Administrative Vice President, with Mrs. Young; Opposite Physical Therapy above; and below hard-working members of our Auxiliary and Volunteer groups Mrs. Ivor Bevan, Mrs. Newcomb D. Cole and Mrs. Jay Bresler.

From the Annual Report of the Administrative Vice President

The Hospital's Administrative Vice President T. Gordon Young states, "*The year just ended marks my thirty-fifth with The Hospital for Special Surgery, twenty-four as Director. Using the customary hospital yardstick, my career has spanned some two million patient days—quite enough for one man. These have been good years, filled with rich experiences, sobering crises, and the personal satisfaction of contributing to the achievements of this great institution.*" (Mr. Young has decided to leave the Hospital in 1977 to seek new challenges. He leaves behind him a record of accomplishment as recorded elsewhere).

We note with some pride that 1976 was a good year. We almost balanced the Budget; we continued to maintain an outstanding employee relations program; we received full accreditation by the Joint Commission; and our professional and research endeavors are flourishing. At a time when most hospitals are experiencing wrenching fiscal and labor problems, this is a testament to the symbiotic relationship between our Board, the Medical Staff, and Administration.

LOYAL VOLUNTEERS AND CONTRIBUTORS

Our volunteers devoted more than 28,000 invaluable hours to many forms of service around the Hospital. Our fund raisers and benefit planners, together with our valued supporters and patrons, brought the Hospital close to $275,000 in revenues and well over $700,000 in legacies. To the contributors, our heartfelt thanks.

CHANGES IN THE PHYSICAL PLANT

In 1954 when Mr. Young first became Director, the Hospital was in the throes of moving; it seems we are still in the throes of moving, as our space problem has become more acute. A score of measures were undertaken during the year to deal with our space and modernization needs. The fifth and seventh floors of our Research Building were renovated to create laboratory and working facilities for Dr. Burstein, our new Director of Biomechanics, and for Dr. Lane, who is in charge of the Collagen Laboratory investigating the chemistry of bone, especially in children. Computer services are being installed on the sixth floor of the Research Building. Accounting and Fund Raising have been relocated in nearby facilities.

A number of renovations directly related to improving patient care were also undertaken. A considerable amount of new equipment was purchased to give HSS improved medical and surgical capabilities, including a new Gamma Camera, in the areas of nuclear medicine and diagnostic procedures. As noted elsewhere, a major plan for modernization and expansion of our operating room suite and other pivotal facilities are being completed and plans for their much-needed implementation are being laid.

FINANCIAL STATISTICS

As to statistics, we just about broke even for the year, something of an achievement when most hospitals are running in the red and have been doing so for some time. Hospital operations resulted in a loss of $202,423. Occupancy was lower by 1.2 percent and operating expense increased by 10.1 percent. Research operations ended, as in the previous year, with a small gain before depreciation. After depreciation, the loss was $100,781. Non-operating income was $1,557,458.

Total assets in our unrestricted fund increased during the year from $24,281,818 to $26,555,729. Marketable securities carried a book value of $10,604,213, representing an increase of $2,129,375 over 1975. Full detail is provided in following Financial Statements.

In looking back on the year past, our concluding observation must be that the Hospital and its Staff took another big stride forward in establishing positions of leadership in the fields of Orthopaedic Surgery and Rheumatology, whether measured by the quality of the services rendered to patients, the extent and value of their contributions to the educational efforts in their specialties or by the record of their accomplishments in research.

We recognize that the medical care environment is becoming more and more challenging, and we are determined to provide the very finest in medical care. With the support of all our staff, we are confident we will meet the challenge of the years to come.

HENRY U. HARRIS, JR.
PRESIDENT

PHILIP D. WILSON, JR., M.D.
SURGEON-IN-CHIEF

T. GORDON YOUNG
ADMINISTRATIVE VICE PRESIDENT

Officers and Board Members

Officers

President
Henry U. Harris, Jr.

Chairman, Executive Committee
William H. Osborn, Jr.

Vice Presidents
Mrs. Edwin I. Hilson
Charles H. Thieriot

Administrative Vice President
T. Gordon Young

Treasurer
Loring Catlin

Secretary
William H. Osborn, Jr.

Assistant Treasurer and Assistant Secretary
James D. O'Neill

Members

Mrs. Charles O. Ames
Mrs. Harcourt Amory, Jr.
Philip Bastedo
Abraham L. Bienstock
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Loring Catlin
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Mrs. Edwin I. Hilson
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Winfield P. Jones
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David M. Mixter
Andre W.G. Newburg
William H. Osborn, Jr.
Guichard Parris
*Thomas Parsons, III
Mrs. Thomas C. Platt
Samuel S. Polk
**Norman R. Ritter
Arthur D. Schulte
Charles H. Thieriot
Mrs. Ezra K. Zilkha

Honorary Members

Samuel S. Duryee
Charles H. Dyson
Mrs. Eleanor Langley Fletcher
S. Hazard Gillespie
James C. Kellogg, III
***Marshall Rawle
*E. Sheldon Stewart
Charles J. Symington
Reginald T. Townsend

*Resigned 9/76
**Resigned 4/77
***Deceased 5/77

Medical Board

Chairman

Philip D. Wilson, Jr., M.D.

Secretary

Carl A. Berntsen, Jr., M.D.

Board Members

Charles L. Christian, M.D.
John L. Fox, M.D.
Robert H. Freiberger, M.D.
Allan E. Inglis, M.D.
David B. Levine, M.D.
Robert C. Mellors, M.D.
Leon Root, M.D.
Lee Ramsay Straub, M.D.

Medical and Research Staffs

Department of Orthopaedic Surgery

Philip D. Wilson, Jr., M.D., Surgeon-in-Chief

Attending Orthopaedic Surgeons
William D. Arnold, M.D.
Rolla D. Campbell, M.D.
John H. Doherty, M.D.
Alexander Hersh, M.D. (Emeritus)
Allan E. Inglis, M.D.
Bernard Jacobs, M.D.
David B. Levine, M.D.
Frederick L. Liebolt, M.D. (Emeritus)
Peter J. Marchisello, M.D.
Robert Lee Patterson, Jr., M.D., (Surgeon-in-Chief Emeritus)
Lee Ramsay Straub, M.D.

Associate Attending Orthopaedic Surgeons
Walther H.O. Bohne, M.D.
Albert H. Burstein, Ph.D. (Biomechanical Engineering)
John N. Insall, M.D.
Joseph M. Lane, M.D.
John P. Lyden, M.D.
Ralph C. Marcove, M.D.
John L. Marshall, V.M.D., M.D.
Victor Mayer, M.D.
Chitranjan S. Ranawat, M.D.
Leon Root, M.D.
Eduardo A. Salvati, M.D.

Assistant Attending Orthopaedic Surgeons
Samuel Avnet, M.D.
***Howard Balensweig, M.D.
James C. Otis, Ph.D. (Biomechanical Engineering)
Jeanne Pamilla, M.D.
****Thomas P. Sculco, M.D
Peter A. Torzilli, Ph.D. (Biomechanical Engineering)
Konstantin P. Velis, M.D.
Russell F. Warren, M.D.
Jayaraja Yogaratnam, M.D.

Orthopaedic Surgeons to Out-Patient Department
Kenneth A. Falvo, M.D.
Gary A. Gallo, M.D.
***Robert A. Goldstone, M.D.
Michael W. Panio, M.D.
Thomas D. Rizzo, M.D.
*W. Norman Scott, M.D.
**N.D. Krishne Urs, M.D.

Staff Orthotist and Prosthetist
Herbert E. Kramer, B.S.

Junior Attending Orthopaedic Surgeons
**Walter Besser, M.D.
**Lawrence D. Dorr, M.D.
Dennis F. Fabian, M.D.
Peter W. Hughes, M.D.
*Vijay J. Mani, M.D.
Manuel Quiles, M.D.
*Harry J. Robinson, M.D.
Petrus M. Rozing, M.D.
Tzony Siegal, M.D.
Roger P. Thorne, M.D.
John F. Waller, M.D.

Effective 7/1/77
**Training completed 6/30/77
***Terminated 6/30/77
****Effective 8/1/77

Assistant Surgeons
*Neil A. Beinhaker, M.D.
Pedro M. Botero, M.D.
**Lance N. Brigham, M.D.
**George C. Brown, M.D.
David M. Dines, M.D.
John H. Doherty, Jr., M.D.
James H. Ellison, M.D.
Joseph F. Fetto, M.D.
David J. Fleiss, M.D.
*Gary M. Gartsman, M.D.
George M. Goldmark, M.D.
Harry Goldmark, M.D.
Roger L. Greenberg, M.D.
Richard J. Kearns, M.D.
William F. Kennard, M.D.
J. Gregory Kinnett, M.D.
Lewis B. Lane, M.D.
*Richard R. McCormack, M.D.
Robert D. McMillan, M.D.
*Robert P. Mantica, M.D.
John E. Morrison, M.D.
*Paul M. Pellicci, M.D.
Bruce Reider, M.D.
**Harry J. Robinson, Jr., M.D.
**Peter S. Robinson, M.D.
Raymond P. Robinson, M.D.
Jacob D. Rozbruch, M.D.
Roy M. Rubin, M.D.
Richard L. Salzer, Jr., M.D.
W. Norman Scott, M.D.
Bernard N. Stulberg, M.D.
**Jon B. Wang, M.D.

Junior Surgeons
*William K.P. Li, M.D.
*Thomas L. Wickiewicz, M.D.

Department of Medicine

Charles L. Christian, M.D., Physician-in-Chief

Attending Physicians
William H. Kammerer, M.D., Emeritus
Klaus Mayer, M.D.
Irwin Nydick, M.D. (Cardiology)

Effective 7/1/77
*Training completed 6/30/77

Associate Attending Physicians
Carl A. Berntsen, Jr., M.D.
Abraham S. Jacobson, M.D.
Lawrence J. Kagen, M.D.
Michael D. Lockshin, M.D.
Francis Perrone, M.D. (Cardiology)
Paul E. Phillips, M.D.
William C. Robbins, M.D.
Bernard Rogoff, M.D., Emeritus
Emmanuel Rudd, M.D.
Ernest Schwartz, M.D.
James P. Smith, Jr., M.D. (Pulmonary Medicine)
Robert Winchester, M.D.

Assistant Attending Physicians
Harry Bienenstock, M.D.
Edgar J. Desser, M.D.
Martin Gardy, M.D.
Eric A. Jaffe, M.D.
Herbert Koteen, M.D.
Joseph A. Markenson, M.D.
Stephen Paget, M.D.
Marcos Riveliš, M.D.

Physicians to Out-Patient Department
Thomas T. Bowman, M.D., Emeritus
Richard L. Danehower, M.D.
Marc Goldberg, M.D.
*Leroy H. Hunninghake, M.D.
Ralph E. Marcus, M.D.
Bento Mascarenhas, M.D.

Rheumatic Diseases Fellows
Allan Gibofsky, M.D.
*Geoffrey Gratwick, M.D.
Robert Inman, M.D.
Stuart Kassan, M.D.
Robert Kimberly, M.D.
*Steve McDougal, M.D.
**Stephen Paget, M.D.
**Jeffrey Pines, M.D.
Mary Beth Walsh, M.D.
**Allan Weiss, M.D.

*Effective 7/1/77
**Training completed 6/30/77
***Terminated 6/30/77

Department of Anesthesiology

John L. Fox, M.D., Director

Attending Anesthesiologist
Anita H. Goulet, M.D.

Associate Attending Anesthesiologists
Thomas V. Miles, M.D.
Joseph E. Shahmoon, M.D.

Assistant Attending Anesthesiologists
George Balint, M.D.
Erlina L. Lobrin-Farcon, M.D.

Department of Laboratories

Robert C. Mellors, M.D., Ph.D., Director

Attendings
Carl G. Becker, M.D. (Microbiology)
Peter G. Bullough, M.D. (Pathology)
Charles L. Christian, M.D. (Immunology)
Leonhard Korngold, Ph.D. (Immunology)
Klaus Mayer, M.D. (Hematology)
Laurence B. Senterfit, D.Sc. (Microbiology)

Associate Attendings
Tjongtik Goei, Ph.D. (Biochemistry)
George F. Gray, Jr., M.D. (Pathology)

Assistant Attending
Lilian Reich, M.D. (Hematology)

Orthopaedic Pathology Fellows
David FitzPatrick, M.D.
Shiro Ito, M.D.

Department of Physical Therapy and Rehabilitation

Leon Root, M.D., Susan Greenwall Director

Effective 7/1/77
*Training completed 6/30/77

Department of Radiology and Nuclear Medicine

Robert H. Freiberger, M.D., Director

Attending Radiologist
Bernard Ghelman, M.D.

Chief of Nuclear Medicine and Associate Attending Radiologist
Robert Schneider, M.D.

Associate Attending Radiologist
Amy Beth Goldman, M.D.

Assistant Attending Radiologists
Walther H.O. Bohne, M.D. (Nuclear Medicine)
Helene Pavlov, M.D.

Radiologist to Out-Patient Department
James G. Hirschy, M.D.

Attending Physicist
John Laughlin, Ph.D.

Assistant Attending Physicist
Lawrence M. Blau, Ph.D.

Bone Radiology Fellows
Bilha Fish, M.D.
**Helene Pavlov, M.D.

Radiology Fellow
*****Donald D. Sauser, M.D.

Department of Supporting Services

Neurology
Peter Tsairis, M.D., Ph.D., Chief of Service

Effective 7/1/77
**Training completed 6/30/77
*****Training completed 12/31/76

Associate Attending Pediatric Neurologist
Hart deC. Peterson, M.D.

Neurology Fellows
*Richard Bailyn, M.D.
Shahla Mousavi, M.D.

Pediatrics

Wan Ngo Lim, M.D., Chief of Service

Associate Attending Pediatricians
Margaret Hilgartner, M.D.
Virginia C. Mitty, M.D.

Assistant Pediatrician to Out-Patient Department
Donald Skog, M.D.

Psychiatry

Associate Attending Psychiatrist
James Warren Brown, M.D.

Associate Attending Psychologist
David Clayson, Ph.D.

Honorary Staff

T. Cambell Thompson, M.D., Surgeon-in-Chief
Charles L. Burstein, M.D. Director, Department of Anesthesiology
Richard H. Freyberg, M.D. Director, Department of Rheumatic Diseases
******Milton Helpern, M.D. Chief of Pathology
Thomas I. Hoen, M.D. Consultant in Neuro-Surgery
Jacob C. Lifton, D.D.S. Consultant in Orthodontia
Joseph Moldaver, M.D. Director, Neurological Service
Peter-Cyrus Rizzo, M.D. Attending Orthopaedic Surgeon

*Effective 7/1/77
**Training completed 6/30/77
****** Deceased 4/23/77

Consultant Staff

John Dorsey, M.D.
Plastic Surgery
Sidney Eichenholtz, M.D.
Orthopaedic Surgery
Jose Luis Granda, M.D., Ph.D.
Clinical Biochemistry
Myron R. Melamed, M.D.
Pathology
Royal Montgomery
Dermatology
Willibald Nagler, M.D.
Physical Therapy and Rehabilitation
James A. Nicholas, M.D.
Orthopaedic Surgery
Arthur Okinaka, M.D.
Thoracic Surgery
Frank G. Pettengill
Medicine
Alfred L. Scherzer, M.D.
Pediatrics
Richard M. Stark, M.D.
Orthopaedic Surgery
Peter H. Stern, M.D.
Physical Therapy and Rehabilitation
John E. Sullivan, M.D.
Surgery
Robin C. Watson, M.D.
Radiology
Russell Zelko, M.D.
Orthopaedic Surgery (Sports Medicine)

Resigned 10/8/76
Died 9/17/76

Research Division

Robert C. Mellors, M.D., Ph.D., Director

Senior Scientists
Albert H. Burstein, Ph.D.
Charles L. Christian, M.D.
Allan E. Inglis, M.D.
Leonhard Korngold, Ph.D.
Klaus Mayer, M.D.
Aaron S. Posner, Ph.D.

Associate Scientists
Lawrence M. Blau, Ph.D.
Walther H. O. Bohne, M.D.
Peter G. Bullough, M.D.
Lawrence J. Kagen, M.D.
Joseph M. Lane, M.D.
Michael D. Lockshin, M.D.
John L. Marshall, D.V.M., M.D.
Jane W. Mellors, Ph.D.
Paul E. Phillips, M.D.

Assistant Scientists
Foster Betts, Ph.D.
Norman Blumenthal, Ph.D.
Adele Boskey, Ph.D.
Joseph A. Markenson, M.D.
James C. Otis, Ph.D.
*Tzony Siegal, M.D.
Peter A. Torzilli, Ph.D.
*Timothy Wright, Ph.D.

*Effective 7/1/77

Visiting Scientists
Steven Arnoczky, D.V.M.
Donald L. Bartel, Ph.D.
Michael W. Panio, M.D.

Research Fellows

Anthony P. Albino, Ph.D.
*Allan Gibofsky, M.D.
Geoffrey Gratwick, M.D.
*Robert Inman, M.D.
Stuart Kassan, M.D.
*Robert Kimberly, M.D.
*Steve McDougal, M.D.
**Stephen Paget, M.D.
Jeffrey M. Pines, M.D.
*Bruce Reider, M.D.
*Hiroo Ueno, M.D.
*Mary Beth Walsh, M.D.
**Allan Weiss, M.D.

Consultants

Fakhry G. Girgis, M.D., Ph.D.
Sten-Erik Olsson, V.M.D., Ph.D., M.D.
Paul Tannenbaum, D.D.S.

*Effective 7/1/77
Training completed 6/30/77
**Terminated 6/30/77

Administration

Administrative Vice President
T. Gordon Young

Associate Director
Christopher G. Wilbur

Assistant Director
George A. Sakar

Financial Director
James D. O'Neill

Director of Nursing
D. Dean Smith

Director of Personnel
Deborah Fuller

Administrative Department Heads

Admitting
Ellen Ritt

Asst. Dir. of Nursing, Nursing Ser.
Mary Jane Quatroche

Asst. Dir. of Nursing, Nursing Ed.
Mildred Hallock

Building Services
Stanley Lesser
*Rose Cronin

Business Office
Enith Sandoval

Clinic Nursing
Marguerite Killian
Mary Cushen

Communication Services
Jeanne Rankin

Comptroller
James Dillon

Computer Services
Lawrence Blau

Dietary
Peggy Webb

Engineering
Joseph Weiss

Fund Raising
Mary Ryan

Laboratories
Tjongtik Goei

Medical Education
Jean McDaniel

Medical Library
Munir Din
*Kim Barrett

Medical Photography
Dorothy Page

Medical Records
Marjorie Walker

Operating Room
Ingrid Andersson

Pharmacy
Vincent Conti

Prosthetics & Orthotics
Herbert Kramer

Receiving & Stores
Clyde Bentham

Rehabilitation Medicine
Judith Kurtz

Research Administration
Walter J. Schulz

Social Work
Alice Woo

Volunteers
Virginia Roberts

Hospital Chaplains

Catholic
The Reverend John O'Brien

Jewish
Rabbi Sol Kahane

Protestant
The Reverend John W. Pyle

*Resigned **Deceased

Women's Auxiliary

Officers

Chairman
Mrs. David Reuter

Vice-Chairman
Mrs. William Arnold

Treasurer
Mrs. Robert H. Freiberger

Corresponding Secretary
Mrs. Newcomb D. Cole

Recording Secretary
Mrs. Philip D. Wilson, Jr.

Active Members

Mrs. William Arnold
Mrs. Charles S. Bannerman
Mrs. Carl Berntsen
Mrs. Ivor Bevan
Mrs. Jay Bresler
Mrs. Newcomb D. Cole
Mrs. J. Howard Denny
Miss Hazel Evans
Mrs. Robert H. Freiberger
Mrs. Walter J. Fried
Mrs. Jack Furth
Mrs. John Heuss
Mrs. Allan Inglis
Mrs. Theodore Kaufmann
Mrs. Richard Kessler
Mrs. Cristina P. King
Mrs. Robert Kohns
Mrs. Robert Lee Patterson, Jr.
Mrs. Willis R. Phillips
Mrs. Robert I. Powell
Mrs. David Reuter
Mrs. Herman Sokol
Mrs. John Steel
Mrs. Lee Ramsay Straub
Mrs. Sidney P. Voice
Mrs. Armitage Watkins
Mrs. Philip D. Wilson, Jr.

Contributing Members

Mrs. Barton Alderson
Mrs. Paul Arbon
Mrs. Horace Brock
Mrs. Andre de Coizart
Mrs. Eleanor Langley Fletcher
Mrs. Llewellyn Lee
Mrs. David Levine
Mrs. Leon Root
Miss Margaret M. Ryan
Mrs. Carl A. von Goeben
Mrs. Thomas Wheelock
Mrs. Henry Van D. Wing

Volunteers

30 Years and Over
Mrs. Willis R Phillips

25 Years and Over
Mrs. Charles S. Bannerman
Mrs. Yvonne André Istel
Mrs. Armitage E. Watkins

20 Years and Over
Mrs. Newcomb D. Cole
Mrs. O. Vaughn Dennis
Mrs. Saul A. Goldstein
Mrs. Henry Numrich
Mrs. David G. Reuter
Mrs. John D Sloane

15 Years and Over
Mrs. William D Arnold
Mrs. Ivor Bevan
Mrs. Jay Bresler
Mrs J Howard Denny
Mrs. Robert L Kohns
Mrs. Raphael Meisels
Mrs. Robert Lee Patterson, Jr
Mrs George F Rooney
Miss Yolande Salzat

10 Years and Over
Miss Rosetta Darraugh
Mrs. Robert H. Freiberger
Mrs. Craig Gillespie
Mrs. Ide K. Haber
Mrs. Lisa Harper
Mrs. Theodore Kaufmann
Mrs. Murray A. Mandel
Mrs. Walter Niklaus
Mrs. William E. Parsley
Mrs. Robert I. Powell
Mrs. Lee Ramsay Straub
Mrs. Sidney P. Voice
Mrs. Robert P. Warren
Mrs. Philip D. Wilson, Jr.
Mrs. Paul Wolf

* Deceased

5 Years and Over
Mrs. Alma Askin
Mrs. John Brownlee
Miss Margaret M. Crowley
Mrs. Bennett Fass
Mrs. Emil Fink
Mrs. Jack Furth
Mrs. Rube Goldberg
Mrs. Charles Haight
Mrs. John F. Heuss
Miss Judith C. Johnston
Mrs. Cristina P. King
Mrs. Isabelle Kleinfield
Mrs. Richard Kobrin
Mrs. Juliane A. Koennecke
Mrs. Barnet Liss
Mrs. Harold S. Lyon
Mr. Sydney S. Mirman
Mrs. Gerald Samoff
Miss Consuelo Seidel
Mrs. Herman Sokol
Mrs. John Steel
Miss Hanna Stiller
Mr. Elias Zavin

Comparative Balance Sheet as at Dec

Assets

	December 31, 1976	December 31, 1975
Unrestricted Fund:		
Current Assets:		
Cash	$ 546,987	$ 545,131
Accounts receivable for services to patients, less allowance for uncollectible accounts and contractual allowances of $502,500 (1976) and $320,000 (1975) (Note 1a and 13)	1,806,512	1,631,265
Due from reimbursing agency-rate adjustments (Note 1a and 13)	472,334	455,709
Loans and other accounts receivable	391,490	207,010
Inventories of materials and supplies-at cost	550,945	556,542
Prepaid expenses and deferred charges	79,417	110,560
Total Current Assets	3,847,685	3,506,217
Noncurrent portion of loans receivable	34,000	34,000
Board-designated-		
Marketable securities (quoted market- $12,081,300 (1976) and $9,151,000 (1975) (Notes 1b and 2)	10,604,213	8,474,838
Investments:		
Sutton Terrace Apartments (Note 3)	820,000	820,000
Other (Note 4)	2	2
Property, plant and equipment (Notes 1c, 5, 6 and 7)	11,249,827	11,446,761
	$26,555,727	$24,281,818
Specific purpose funds:		
Cash	$ —	$ 1,108
Marketable securities (quoted market- $569,600 (1976) and $544,000 (1975) (Note 1b)	579,183	539,439
Due from other funds	1,413,231	1,110,507
	$ 1,992,414	$ 1,651,054
Plant Replacement Fund:		
Marketable securities (quoted market- $3,325,000 (1976) and $2,986,000 (1975) (Note 1b)	$ 2,917,288	$ 2,753,020
Research Fund:		
Cash	$ —	$ 22
Accounts receivable:		
United States Public Health Service research grants (Note 9)	548,376	700,898
Marketable securities (quoted market- $1,181,000 (1976) and $966,000 (1975) (Note 1b)	945,037	819,747
	$ 1,493,413	$ 1,520,667
Endowment Fund:		
Cash	$ 16,619	$ 14,672
Marketable securities (quoted market- $3,388,700 (1976) and $3,129,000 (1975) (Note 1b)	2,856,886	2,793,816
	$ 2,873,505	$ 2,808,488

ember 31, 1976 and December 31, 1975

Liabilities and Fund Balances

	December 31, 1976	December 31, 1975
Unrestricted Fund:		
Current Liabilities:		
Accounts payable	$ 799,681	$ 561,492
Accrued salaries	429,096	342,749
Payroll taxes payable	23,379	41,551
Other current liabilities	289,131	300,771
Current portion of mortgage payable (Note 7)	28,400	26,100
Due to reimbursing agencies-rate adjustments (Note 1a)	—	44,392
Due to restricted funds	1,033,929	723,711
Total Current Liabilities	2,603,616	2,040,766
Long-Term Debt:		
Mortgage payable (Note 7)	718,850	747,284
Other Long-Term Liabilities:		
Pension plan contribution	233,576	—
Estimated liability for self-insurance (Note 12b)	215,400	—
Contingencies (Note 12)	—	—
Fund balance	22,784,285	21,493,768
	$26,555,727	$24,281,818
Specific purpose funds:		
Fund balances:		
Pinkerton Fund	$ 235,455	$ 235,455
Second Century Fund	519,556	489,175
Other funds	1,237,403	926,424
	$ 1,992,414	$ 1,651,054
Plant Replacement Fund:		
Fund balance	$ 2,917,288	$ 2,753,020
Research Fund:		
Accounts payable	$ 36,508	$ 19,718
Due to other funds	370,227	359,836
Fund balances:		
United States Public Health Service grants	415,194	521,923
Outside foundation grants	305,601	251,687
Institutional funds	365,883	367,503
	$ 1,493,413	$ 1,520,667
Endowment Fund:		
Due to other funds		
Principal:	9,075	26,960
Restricted as to use of income	2,537,993	2,463,154
Unrestricted as to use of income	326,437	318,374
	$ 2,873,505	$ 2,808,488

(See notes to financial statements)

Condensed Comparative Statement Of Revenues and Expenses

For the year ended December 31, 1976 and December 31, 1975

	Year ended December 31, 1976	Year ended December 31, 1975
Hospital operating revenue:		
Patient service revenue, net of allowances of $2,513,254 (1976) and $1,776,000 (1975) (Note 1a)	$17,035,220	$15,913,316
Other operating revenue	1,362,897	1,253,400
	18,398,117	17,166,716
Hospital operating expenses:		
Salaries	10,609,240	9,985,153
Supplies and expenses	7,595,782	6,561,157
Depreciation	645,435	678,917
	18,850,457	17,225,227
Less transfers from other funds and other reimbursements of specific expenses	245,925	340,515
	18,604,532	16,884,712
Income/(Loss) from hospital operations	(206,415)	282,004
Net general research loss	(100,781)	(151,308)
Income/(Loss) from hospital and general research operations	(307,196)	130,696
Nonoperating revenue (net) (Note 11)	1,557,458	1,574,402
	1,250,262	1,705,098
Cumulative effect on prior years (to December 31, 1974) of changing the method of computing depreciation (Note 6)	—	1,908,900
Excess of revenues over expenses	$1,250,262	$3,613,998

See notes to financial statements

Notes to Financial Statements

For the years ended December 31, 1976 and 1975.

1. Summary of Significant Accounting Policies

a. Accounts Receivable for Services to patients and Patient Service Revenue

Patient Service revenue is accounted for at established rates on the accrual basis. Allowances for contractual, charitable and other arrangements are included in deductions from patient service revenue.

Preliminary calculations of revenue adjustments relative to third-party contractual agreements are included in the accompanying financial statements. Normal variances between these estimates and final settlements upon audit by third-party payors are included in the statement of revenues and expenses in the year in which the settlement occurs.

b. Marketable Securities.

Marketable securities are recorded at cost or, if a gift, at fair market value of the securities at the date of the gift. It is the Hospital's policy to treat gains and losses on disposals of restricted funds securities as additions to or deductions from the related fund balances. Under the laws of the State of New York, accumulated net gains relating to restricted funds securities may, under certain conditions, be transferred to unrestricted fund. Amounts which may be available for such transfer have not been determined.

c. Property, Plant and Equipment and Depreciation

Property, plant and equipment is recorded at cost or, in the case of gifts, at fair market value at the date of gift. Depreciation is computed by the straight-line method, based upon the estimated useful lives of the individual assets. The method of depreciation for certain assets was changed during 1975, as described in Note 6.

d. Pension Cost

It is the Hospital's policy to fund accrued pension cost currently.

2. Board-Designated Securities

In 1975, the Board of Managers directed that unrestricted fund securities be excluded from current assets and carried as board-designated assets, as these securities are not intended or required to be realized for current expenditures.

3. Investment-Sutton Terrace Apartments

On August 1, 1969, the Society and five other institutions purchased, as tenants in common, the Sutton Terrace Apartments. The Society's 10% pro rata share of the cost of this investment was $800,000. The Society has also made net working capital contributions totaling $20,000 since the date of acquisition. The Society's 10% equity, based upon audited financial statements as of December 31, 1976, was $566,099.

4. Investment-Other

This represents the nominal value assigned to the Society's interest in oil wells which were donated to the Hospital.

5. Property, Plant and Equipment

Property, plant and equipment, at cost, is summarized as follows:

	December 31,	
	1976	1975
Land	$ 1,399,343	$ 1,399,343
Buildings	13,026,380	12,967,435
Furniture and equipment	4,915,061	5,763,980
	19,340,784	20,130,758
Less accumulated depreciation	8,120,187	8,700,172
	11,220,597	11,430,586
Construction in progress	29,230	16,175
	$ 11,249,827	$11,446,761

The method of computing depreciation for buildings and fixed equipment was changed in 1975, as described in Note 6.

6. Change in Method of Computing Depreciation

In 1975 the method of computing depreciation of buildings and buildings service equipment was changed to the straight-line method. Depreciation of buildings and buildings service equipment in prior years beginning in 1968 was computed by the sum of the years—digits method. The new method was adopted because management believes that the straight-line method more closely approximates the expiration rate of the economic lives of these assets and has been applied retroactively to buildings and buildings service equipment acquisitions of prior years. The effect of the change in 1975 was to increase income by approximately $120,800. The adjustment of $1,908,900, to apply retroactively the new method, is included in income of 1975. The pro forma amount of excess of revenue over expenses for the year ended December 31, 1975 assuming the new method was applied retroactively is $1,705,098.

7. Mortgage Payable

The mortgage note, which bears interest at the rate of 8-1/4% per year, is collateralized by a mortgage on property owned by the Society, the carrying value of which is approximately $516,600. Combined interest and principal payments are due in monthly installments of $7,414 ($88,965 annually). Interest expense for the years 1976 and 1975 was $62,831 and $64,893, respectively. The unpaid balance of the mortgage note becomes due and payable on May 21, 1991.

8. Pension Plan

On February 19, 1976, the Board of Managers approved revisions to the Hospital's pension plan necessary for compliance with the Employee Retirement Income Security Act of 1974 which became effective as of June 1, 1976 with respect to this plan.

The Hospital has a noncontributory pension plan covering all employees after completion of one year of service if hired prior to age 60. Employees' interest in the plan is 100% vested after ten years of credited service and attainment of age 32, payable at normal retirement age of 65 or early retirement at age 55 subject to normal early retirement penalties. It is the Hospital's policy to fund accrued pension costs currently. The total expense for the plan was $560,343 and $276,341 for the years 1976 and 1975, respectively. Approximately $163,900 of the 1976 expense represents adjustments of estimated pension expense for years prior to 1976, based on current actuarial reports.

The portion of the Hospital's current payment into the plan to fund past service cost is estimated at $79,668. The past service cost is to be amortized over the next forty years. The actuarially computed value of vested benefits for the plan as of May 31, 1976, exceeded the total of the pension fund by approximately $234,400. For the plan year ending on May 31, 1977, it is estimated that this excess of vested benefits over pension fund assets will be approximately $323,800.

The Hospital also made payments to retired personnel not covered by the plan of $27,964 and $29,064 for the years 1976 and 1975, respectively.

9. United States Public Health Service Research Grants

Expenditures (other than overhead charges) for the years 1971 through 1975 have not been audited by the government and are subject to retroactive adjustment should such audits occur. Overhead charges have been audited through 1974; amounts charged and included in income in 1976 aggregating $235,000 are subject to audit and retroactive adjustment. Management's opinion is that no material adjustments will result.

10. Bicknell Trust

The Hospital's General Research Fund is the beneficiary of income from this trust in perpetuity.

11. Nonoperating Revenue

Net nonoperating revenue consists of the following:

	Year ended December 31, 1976	1975
Contributions and legacies	$1,002,843	$790,932
Investment income	676,182	512,165
Net gain (loss) on sales of securities	(14,746)	302,140
Other	22,539	91,102
	1,686,818	1,696,339
Less nonoperating expenses	129,360	121,937
	$1,557,458	$1,574,402

12. Contingencies

a. Malpractice Indemnity

The Board of Managers has adopted resolutions indemnifying hospital-based orthopedists and one anesthesiologist for malpractice liability up to a total of $500,000 for each physician, in excess of the insurance of $1,000,000 per claim, $3,000,000 in the aggregate, which covers each of these physicians. The indemnity is in effect from January 1, 1976 to June 30, 1977. This indemnity is effective only so long as said insurance is maintained.

b. Self-Insurance

On February 19, 1976 the Board of Managers resolved that effective March 1, 1976, the Hospital assume all risks of professional liability, and indemnify without limitation all persons previously covered by the Hospital's insurance. Also, effective March 1, 1976, the Hospital assumed primary self-insurance on general liability in amounts up to $1,000,000 and obtained excess coverage from an insurance company in the amount of $15,000,000 with an exclusion for patients except for catastrophic loss.

The Hospital has recorded a provision of $215,000 for self-insurance for the ten-month period ended December 31, 1976. An actuary has been engaged by the Hospital to compute an estimate of the amount required to provide for claims arising from incidents occurring in 1976, but the computation has not yet been completed.

13. Reclassifications

Certain reclassifications have been made in 1975 financial statements to conform to the classifications used in 1976.

February 19, 1977

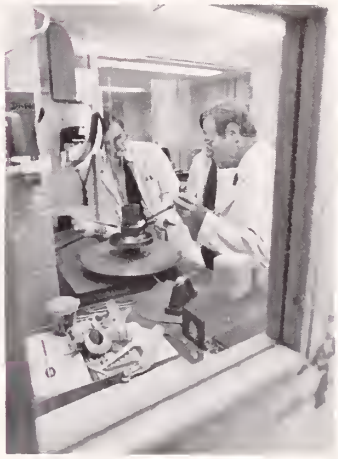
Board of Managers
New York Society for the Relief
of the Ruptured and Crippled,
Maintaining The Hospital for
Special Surgery and Margaret M.
Caspary Clinic
New York, New York

We have examined the balance sheet of the New York Society for the Relief of the Ruptured and Crippled, Maintaining The Hospital for Special Surgery and Margaret M. Caspary Clinic as of December 31, 1976 and 1975, and the related statements of revenues and expenses of unrestricted fund, revenues and expenses of research funds, changes in fund balances, and changes in financial position of unrestricted fund for the years then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances, except with respect to the provision for self-insurance risks noted below. Marketable securities held at December 31, 1976 were confirmed to us by the custodian.

On March 1, 1976 the Hospital became self-insured for hospital and general liability risks as explained in Note 12.b. Income for the year was charged with a provision for losses which was based on an approximation of the prior period insurance premium.

In our opinion, except for the effect of recording the provision for losses described above, the aforementioned financial statements present fairly the financial position of the New York Society for the Relief of the Ruptured and Crippled, Maintaining The Hospital for Special Surgery and Margaret M. Caspary Clinic at December 31, 1976 and 1975, and the results of its operations, changes in fund balances, and changes in its financial position of unrestricted fund for the years then ended, in conformity with generally accepted accounting principles consistently applied during the period subsequent to the change, with which we concur, made as of January 1, 1975, in the method of computing depreciation as described in Note 6 to the financial statements.

TOUCHE ROSS & CO.
Certified Public Accountants



CONTRIBUTIONS

Hospital for Special Surgery can only maintain its position in the forefront of patient care, education and research through the continuing loyal support of its friends and benefactors. We need gifts, grants and bequests to provide new equipment and facilities and to provide endowment for specific projects and activities.

Checks *should be made payable to Hospital for Special Surgery.*

Securities *should be endorsed in blank or accompanied (preferably under separate cover) by an executed standard "stock power" form with signature guaranteed.*

Bequests *should be in the name of The New York Society for the Relief of the Ruptured and Crippled. Such bequests may be designated for a specific purpose. We will be happy to help you select one which is suitable.*

As the Hospital is a non-profit institution, all gifts qualify for deductions in accordance with Federal and State laws.

For further information, please contact the Office of Administrative Vice President, Hospital for Special Surgery, 535 East 70th Street, New York, New York 10021

NEW YORK SOCIETY FOR THE RELIEF OF THE RUPTURED AND CRIPPLED
INCORPORATED 1863